

***California Department of Water Resources
Activities and Expenditures Report
Quarter Ended June 30, 2001***

(Provides Second Quarter 2001 Data as Required by ABX1 1)



Preface

In January, a shortage of electric power and available energy, combined with a rapid rise in the price of natural gas to fuel generating plants in the State, resulted in a rapid and substantial increase in wholesale energy costs and threatened the financial viability of investor-owned utilities (IOUs) and the reliability of California's power supply. As a result, Governor Gray Davis proclaimed a state of emergency on January 17, 2001.

The IOU's lack of creditworthiness crippled the energy market. The State assumed responsibility as the creditworthy entity to purchase net short electricity on behalf of customers of the IOUs. The Department of Water Resources was mandated by SBX1 7 (Chapter 3, First Extraordinary Session, Statutes of 2001) and ABX1 1 (Chapter 4, First Extraordinary Session, Statutes of 2001) to participate in markets for the purchase and sale of net short power to sustain electric service for the well being of the State's residents.

On January 19, 2001, the Governor signed SBX1 7 establishing the Department of Water Resources Electric Power Fund (DWREPF) and temporarily authorizing DWR to buy and sell electricity. The bill also required the California Public Utilities Commission to adopt and implement emergency regulations to provide for delivery and payment mechanisms for the sale of electric power, purchased by DWREPF directly or indirectly, to the California Independent System Operator (ISO), public utilities or retail end-use customers.

On February 1, 2001, the Governor signed ABX1 1, which authorized the Department to enter into long-term contracts for the purchase of net short electric power prior to January 1, 2003. The bill continued the DWREPF on a permanent basis with continuously appropriated moneys and all revenues deposited into the DWREPF. The legislation also authorized the DWREPF, in conjunction with State Treasurer, to issue revenue bonds for long-term financing of the DWREPF.

Preface (cont'd)

Pursuant to the reporting requirement in ABX1 1, the following information reflects energy acquisition activities and expenditures incurred by the California Energy Resources Scheduling Division of the Department from April 1, 2001 through June 30, 2001. Included are all costs related to initial setup, administration and energy acquisition. These numbers reflect the volatility of the energy market, as it is impacted by the basic law of supply and demand, conservation, signing of long-term contracts, temperature, fuel price, precipitation, seasons and time-of-day. The effect of each of these factors is ultimately reflected in the price paid for energy at any given time and in the amount of net short power the State must purchase.

Energy purchases made through the California ISO real-time market provide the energy and load balance necessary for energy grid reliability as well as ancillary services which include such items as regulation, reserves, and voltage support. The cost of energy to California's residents since January 2001 has trended downward in electric costs, as Governor Gray Davis' energy program continues to be implemented.

The establishment of long-term contracts, conservation, new generation and reduced natural gas costs have all been factors in the downward trending of costs. Under Governor Davis' program, blackouts were avoided except under the most severe circumstances, prices have stabilized and then declined, thereby moving the California electric energy industry closer to normalcy. California has avoided blackouts since May 8, 2001.

Activities and Expenditures Report Quarter Ended June 30, 2001

Index

Page 5

Page 6

Page 7

Page 8

Page 9

Page 10

Page 11

Page 12

Page 13

Page 14

Page 16

Page 17

Page 18

Page 19

Page 20

Page 21

Topic

DWR Electric Power Fund/Statement of Cash Flows and Available Funding

DWR Electric Power Fund/Summary of Appropriations

Energy Cost Categories

Total Energy Acquisition Cost

Summary of Monthly Energy Commitments

Actual Energy Expenditures vs. Forecasted

Power Purchase Commitments – April 2001

Power Purchase Commitments – May 2001

Power Purchase Commitments – June 2001

Power Purchases for Quarter Ended June 30, 2001 by Counterparty

Summary of Monthly Power Sales

Power Sales for Quarter Ended June 30, 2001 by Counterparty

20/20 Rebate Program

Budgeted Non-Power Costs Compared to Actual

Impact of Natural Gas Prices on Energy Pricing

Average Daily Price of Natural Gas

DWR Electric Power Fund

Statement of Cash Flows and Available Funding (in millions)

For Period January 17, 2001, through June 30, 2001

Cash Receipts

General Fund Appropriations	\$6,094
Revenue from Ratepayers of IOUs	1,135
Net Proceeds from \$4.3 Billion Bridge Loan	<u>4,106</u>
Total Cash Receipts	11,335

Cash Expenditures

Power (net of power sales)	\$7,329
Administration	<u>12</u>
Total Cash Expenditures	7,341

Accruals

Power Delivered through June 30, 2001	1,363
20/20 Program Rebate Credits	65
Administration	<u>7</u>
Total Accruals	1,435

Total Expenditures and Accruals	<u>8,776</u>
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Funding Available on June 30, 2001	<u>\$2,559</u>
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DWR Electric Power Fund

Summary of Appropriations Through June 30, 2001

<u>Source</u>	<u>Effective Date</u>	<u>Amount</u>
Appropriations to DWR	01/17/01	\$302,228,909
Appropriations under SBX1 7	01/19/01	400,000,000
Appropriations under ABX1 1		
Original Appropriation	02/01/01	500,000,000
First Deficiency	02/15/01	500,000,000
Second Deficiency	02/23/01	500,000,000
Third Deficiency	03/04/01	500,000,000
Fourth Deficiency	03/12/01	500,000,000
Fifth Deficiency	03/19/01	500,000,000
Sixth Deficiency	03/29/01	500,000,000
Seventh Deficiency	04/07/01	500,000,000
Eighth Deficiency	04/22/01	500,000,000
Ninth Deficiency	04/29/01	500,000,000
Tenth Deficiency	05/07/01	383,700,000
Additional Appropriation for Administrative Expenditures	06/18/01	<u>8,138,000</u>
Total General Fund Appropriations		<u>\$6,094,066,909</u>

Notes:

DWR has expended all General Fund appropriations and is currently purchasing additional power with 1) monies received on a daily basis from the customers of the investor-owned utilities and 2) proceeds from the \$4.3 billion Bridge Loan.

The tenth deficiency notice was originally \$500 million. DWR reimbursed the General Fund for \$116,300,000, the cash remaining in the DWR Electric Fund, when the funding from the Bridge Loan became available on June 26, 2001.

Four additional deficiency notices totaling \$2 billion were appropriated; however, there were no expenditures from those notices. As required by ABX1 1, deficiency notices were requested 10 days before it was anticipated they would be needed for additional commitments. However, funds were transferred to the DWR Electric Power Fund only as they were needed to make payments on the commitments.

Energy Cost Categories

The Department of Water Resources (DWR) energy costs are presented in three major categories as follows:

Spot Price/Purchases:

- Includes day-ahead purchases, hour-ahead purchases and ISO real-time purchases.

Contract Purchases:

- Includes long-term contracts (over one fiscal quarter in duration), and short-term contracts entered into by the CERS trading desk (balance of month, monthly, and quarterly purchases).
- The inclusion of current short-term contracts, which have a higher unit cost than long-term contracts, increases the average cost/MWh compared to forecasts released by DWR depicting only longer-term contracts.

ISO, Ancillary Service, Transmission and Dispatch Costs:

- Due to the ISO's settlements process, actual audited costs are not available. The values shown in this report are estimated.
- An audit may determine that some ISO costs included in this estimate are not DWR's responsibility. Conversely, some ISO costs not now charged to DWR may become DWR's responsibility.

Total Energy Acquisition Cost January 17, 2001 – June 30, 2001

Total Energy Costs ¹	\$	8,692,164,447
20/20 Program Rebate Credits		64,668,841
Bond Issuance Costs ²		6,179,249
Administrative Costs ³		<u>13,017,354</u>
Total Cost	\$	<u>8,776,029,891</u>

Note: Above amounts may be revised in the settlement process.

¹ Includes all energy commitments January 17, 2001 - June 30, 2001, Spot Market, short and long-term contracts, ISO ancillary services and transmission dispatch. This amount is net of power sales.

² Bond counsel and consultant expenditures to be funded from bond proceeds.

³ Includes personnel costs, facilities, professional consulting contracts, personal service agreements, credit fees, operating expenses, and one-time expenditures for equipment and information technology equipment.

Summary of Monthly Energy Commitments by MWh, Cost, Average Price

	Spot Market			Contracts			ISO, Ancillary Services, Trans/Dispatch		Total		
Date	Mwh	Cost	Avg. Price	Mwh	Cost	Avg. Price	Mwh	Cost	Mwh	Cost	Avg. Price
January 2001 (1)	1,268,841	406,840,298	321	385,350	117,547,000	305	0	24,754,703	1,654,191	549,142,001	332
February 2001	4,093,239	1,260,819,045	308	649,420	107,191,784	165	0	73,927,900	4,742,659	1,441,938,729	304
March 2001	4,740,400	1,282,373,957	271	2,162,951	406,692,903	188	0	112,417,400	6,903,351	1,801,484,260	261
April 2001 (2)	3,443,600	1,144,415,917	332	3,140,274	599,857,497	191	329,194	115,233,250	6,913,068	1,859,506,664	269
May 2001	4,036,801	1,095,162,423	271	3,793,302	758,593,485	200	391,504	145,115,200	8,221,607	1,998,871,108	243
June 2001	1,993,898	242,623,065	122	3,912,100	671,158,645	172	295,300	127,439,975	6,201,298	1,041,221,685	168
Total	19,576,779	5,432,234,705	277	14,043,397	2,661,041,314	189	1,015,998	598,888,428	34,636,174	8,692,164,447	251

Spot Market includes: Day-ahead, hour-ahead, and real-time costs, net of power sales.

Contracts include: Long-term and short-term, balance of month, quarterly, and block forward.

Amounts shown above may be revised in Settlement processes.

(1) January Contracts reflect balance of month contracts.

(2) Mwh for ISO, Ancillary Services, Transmission and Dispatch reflected beginning April, 2001, after FERC order of April 6, 2001.

Actual Energy Expenditures vs. Forecasted

January 17, 2001 – June 30, 2001

	<u>FORECAST¹</u>			<u>ACTUAL</u>			<u>DIFFERENCE FROM FORECAST</u>	
	<u>MWh</u> <u>(000s)</u>	<u>Cost</u> <u>(000s)</u>	<u>Price</u> <u>\$/MWh</u>	<u>MWh</u> <u>(000s)</u>	<u>Cost</u> <u>(000s)</u>	<u>Price</u> <u>\$/MWh</u>	<u>MWh</u> <u>(000s)</u>	<u>Cost</u> <u>(000s)</u>
January 01	--	--	--	1,737	\$549,142	316	--	--
February 01	--	--	--	4,980	\$1,441,939	290	--	--
March 01	--	--	--	7,249	\$1,801,484	249	--	--
April 01 ²	5,976	\$1,780,914	298	6,913	\$1,859,507	269	937	\$78,593
May 01	6,113	\$1,755,811	287	8,222	\$1,998,871	243	2,109	\$243,060
June 01	<u>5,399</u>	<u>\$1,123,225</u>	208	<u>6,201</u>	<u>\$1,041,221</u>	168	<u>802</u>	<u><\$82,004></u>
Total	<u>17,488</u>	<u>\$4,659,950</u>	<u>266</u>	<u>35,302</u>	<u>\$8,692,164</u>	<u>161</u>	<u>3,848</u>	<u>\$239,649</u>

1 Forecast based on Navigant Consulting, Inc. model used to generate May 2, 2001 Revenue Requirement filing. On August 7, 2001, a revised Revenue Requirement was issued that used only actual dates for the period through June 30, 2001.

2 Combined actual and forecast in April.

Power Purchase Commitments

April 2001

Mo./ Day	Total Spot (1)			Long-Term and Short-Term Contracts			ISO, Anc. Svcs., Trans/Dispatch Est. Cost (2)		Total		
	MWh	Dollars	\$/MWh	MWh	Dollars	\$/MWh	MWh	Dollars	MWh	Dollars	\$/MWh
4/1	90,819	24,694,411	272	58,954	11,775,781	200	7,489	2,037,075	157,262	38,507,267	245
4/2	106,626	29,808,058	280	89,342	16,655,788	186	9,798	2,887,100	205,766	49,350,946	240
4/3	107,316	31,812,223	296	94,849	17,595,775	186	10,108	4,048,375	212,273	53,456,373	252
4/4	141,825	43,394,755	306	91,172	16,978,188	186	11,650	4,483,650	244,647	64,856,593	265
4/5	131,804	38,941,585	295	96,472	18,022,428	187	11,414	4,455,950	239,690	61,419,963	256
4/6	96,926	31,498,477	325	107,570	22,005,488	205	10,225	3,792,575	214,721	57,296,540	267
4/7	81,911	24,207,294	296	104,272	21,456,593	206	9,309	3,657,525	195,492	49,321,412	252
4/8	104,033	34,746,958	334	64,952	14,422,328	222	8,449	2,869,550	177,434	52,038,836	293
4/9	134,028	48,237,191	360	101,352	19,231,708	190	11,769	4,178,125	247,149	71,647,024	290
4/10	128,642	47,844,642	372	101,352	19,495,708	192	11,500	4,391,900	241,494	71,732,250	297
4/11	124,543	47,131,832	378	101,352	19,407,708	191	11,295	4,523,925	237,190	71,063,465	300
4/12	131,093	58,179,301	444	104,152	20,402,308	196	11,762	4,079,425	247,007	82,661,034	335
4/13	94,490	40,206,584	426	103,672	20,406,500	197	9,908	3,450,350	208,070	64,063,434	308
4/14	76,444	29,595,919	387	101,560	19,827,505	195	8,900	3,258,300	186,904	52,681,724	282
4/15	93,514	35,379,288	378	66,752	15,379,368	230	8,013	2,750,450	168,279	53,509,106	318
4/16	114,926	49,000,166	426	117,256	21,226,416	181	11,609	3,862,675	243,791	74,089,257	304
4/17	136,261	45,905,872	337	116,072	20,998,108	181	12,617	4,195,850	264,950	71,099,830	268
4/18	117,032	35,902,581	307	119,656	21,528,866	180	11,834	4,287,425	248,522	61,718,872	248
4/19	103,340	27,952,247	270	119,576	21,528,866	180	11,146	4,335,350	234,062	53,816,463	230
4/20	104,946	31,096,285	296	119,096	21,440,498	180	11,202	4,055,625	235,244	56,592,408	241
4/21	71,642	19,631,241	274	118,266	21,311,850	180	9,495	3,868,925	199,403	44,812,016	225
4/22	86,786	28,653,152	330	90,152	19,173,328	213	8,847	2,734,525	185,785	50,561,005	272
4/23	118,882	38,134,356	321	125,136	23,129,642	185	12,201	3,986,525	256,219	65,250,523	255
4/24	161,444	55,192,546	342	121,368	22,542,150	186	14,141	4,432,225	296,953	82,166,921	277
4/25	177,889	63,329,888	356	120,072	22,315,768	186	14,898	4,592,925	312,859	90,238,581	288
4/26	148,548	53,015,808	357	123,072	22,927,268	186	13,581	4,477,475	285,201	80,420,551	282
4/27	131,878	47,063,142	357	126,072	23,451,068	186	12,898	4,361,500	270,848	74,875,710	276
4/28	70,610	19,030,106	270	126,072	23,451,068	186	9,834	4,292,475	206,516	46,773,649	226
4/29	99,190	19,558,418	197	90,152	19,331,728	214	9,467	2,843,950	198,809	41,734,096	210
4/30	<u>156,212</u>	<u>45,271,591</u>	290	<u>120,481</u>	<u>22,437,699</u>	186	<u>13,835</u>	<u>4,041,525</u>	<u>290,528</u>	<u>71,750,815</u>	247
	3,443,600	1,144,415,917	332	3,140,274	599,857,497	191	329,194	115,233,250.000	6,913,068	1,859,506,664	269

Spot Market includes: Day-ahead, hour-ahead, and real-time costs, net of power sales.

Contracts include: Long-term and short-term, balance of month, quarterly, and block forward.

Amounts shown above may be revised in Settlement processes.

(1) Real-time purchases for the month of April totaled \$708,107,978 and 1,740,111 MWHs.

(2) MWh and costs for ISO, Ancillary Services, Transmission and Dispatch are estimates. Costs are subject to audit.

Costs and average \$/MWh include all power purchases including spot, balance of month quarterly and contract energy as well as an estimate for ISO ancillary, transmission, and dispatch costs that are subject to CERS review for applicability.

Power Purchase Commitments

May 2001

Mo./ Day	Total Spot (1)			Long-Term and Short-Term Contracts			ISO, Anc. Svcs., Trans/Dispatch Est. Cost (2)		Total		
	MWh	Dollars	\$/MWh	MWh	Dollars	\$/MWh	MWh	Dollars	MWh	Dollars	\$/MWh
5/1	169,436	43,588,320	257	104,352	19,804,148	190	13,689	4,425,500	287,477	67,817,968	236
5/2	143,993	32,192,762	224	113,552	22,773,348	201	12,877	4,912,375	270,422	59,878,485	221
5/3	144,470	28,536,035	198	113,052	22,357,348	198	12,876	4,728,075	270,398	55,621,458	206
5/4	135,603	27,024,667	199	115,152	22,973,348	200	12,538	4,515,350	263,293	54,513,365	207
5/5	104,475	22,870,319	219	115,152	22,726,948	197	10,981	4,231,350	230,608	49,828,617	216
5/6	130,708	31,251,189	239	69,232	16,466,328	238	9,997	2,816,825	209,937	50,534,342	241
5/7	140,739	39,941,595	284	115,152	22,726,948	197	12,795	4,094,700	268,686	66,763,243	248
5/8	173,939	64,024,190	368	115,152	22,726,948	197	14,455	4,492,500	303,546	91,243,638	301
5/9	160,655	71,516,818	445	120,517	23,853,298	198	14,059	4,701,000	295,231	100,071,116	339
5/10	163,859	73,547,023	449	122,584	24,163,348	197	14,322	4,684,125	300,765	102,394,496	340
5/11	151,565	63,167,005	417	123,504	24,435,148	198	13,753	3,883,200	288,822	91,485,353	317
5/12	95,061	30,552,637	321	124,912	24,646,348	197	10,999	4,091,075	230,972	59,290,060	257
5/13	105,800	17,020,428	161	83,506	18,946,228	227	9,465	3,150,425	198,771	39,117,081	197
5/14	112,358	33,587,655	299	127,106	25,146,808	198	11,973	4,599,250	251,437	63,333,713	252
5/15	112,472	21,463,059	191	129,217	25,679,978	199	12,084	4,539,750	253,773	51,682,787	204
5/16	114,317	22,984,557	201	136,432	26,888,028	197	12,537	5,039,350	263,286	54,911,935	209
5/17	105,388	15,289,336	145	141,642	27,804,860	196	12,352	5,087,275	259,382	48,181,471	186
5/18	102,926	17,140,460	167	139,712	27,653,973	198	12,132	4,794,600	254,770	49,589,033	195
5/19	106,422	21,521,577	202	139,368	27,463,748	197	12,290	4,592,050	258,080	53,577,375	208
5/20	123,705	31,192,816	252	110,219	21,797,008	198	11,696	4,055,825	245,620	57,045,649	232
5/21	156,050	50,339,488	323	142,568	27,463,748	193	14,931	5,531,800	313,549	83,335,036	266
5/22	172,358	59,280,212	344	139,362	27,086,788	194	15,586	5,760,425	327,306	92,127,425	281
5/23	189,034	68,615,948	363	136,112	27,054,788	199	16,257	6,089,200	341,403	101,759,936	298
5/24	170,446	57,736,872	339	136,112	27,072,388	199	15,328	6,080,825	321,886	90,890,085	282
5/25	133,862	31,144,870	233	136,112	27,054,788	199	13,499	5,753,375	283,473	63,953,033	226
5/26	87,537	21,866,504	250	136,112	27,072,388	199	11,182	5,238,650	234,831	54,177,542	231
5/27	58,893	8,410,692	143	100,912	21,682,848	215	7,990	4,071,525	167,795	34,165,065	204
5/28	50,105	9,284,350	185	100,912	21,682,848	215	7,551	3,991,725	158,568	34,958,923	220
5/29	100,296	16,298,769	163	136,512	27,129,588	199	11,840	4,652,625	248,648	48,080,982	193
5/30	148,585	26,919,984	181	134,961	27,129,588	201	14,177	4,888,400	297,723	58,937,972	198
5/31	171,744	36,852,286	215	134,112	27,129,588	202	15,293	5,622,050	321,149	69,603,924	217
	4,036,801	1,095,162,423	271	3,793,302	758,593,485	200	391,504	145,115,200	8,221,607	1,998,871,108	243

Spot Market includes: Day-ahead, hour-ahead, and real-time costs, net of power sales.

Contracts include: Long-term and short-term, balance of month, quarterly, and block forward.

Amounts shown above may be revised in Settlement processes.

(1) Real-time purchases for the month of May totaled \$538,545,675 and 1,610,553 MWhs.

(2) MWh and costs for ISO, Ancillary Services, Transmission and Dispatch are estimates. Costs are subject to audit.

Costs and average \$/MWh include all power purchases including spot, balance of month quarterly and contract energy as well as an estimate for ISO ancillary, transmission, and dispatch costs that are subject to CERS review for applicability.

Power Purchase Commitments

June 2001

Mo./ Day	Total Spot (1)			Contracts			ISO, Anc. Svcs., Trans/Dispatch Est. Cost (2)		Total		
	MWh	Dollars	\$/MWh	MWh	Dollars	\$/MWh	MWh	Dollars	MWh	Dollars	\$/MWh
6/1	125,702	22,755,198	181	118,416	21,940,416	185	12,206	4,948,425	256,324	49,644,039	194
6/2	53,104	8,094,592	152	121,576	22,192,796	183	8,734	4,296,725	183,414	34,584,113	189
6/3	55,048	9,076,763	165	74,056	14,259,108	193	6,455	3,594,625	135,559	26,930,496	199
6/4	41,924	7,318,465	175	122,376	22,346,396	183	8,215	4,180,025	172,515	33,844,886	196
6/5	47,627	8,173,133	172	123,088	22,320,096	181	8,536	4,515,325	179,251	35,008,554	195
6/6	45,341	3,203,716	71	129,914	23,468,221	181	8,763	3,823,275	184,018	30,495,212	166
6/7	71,377	7,311,804	102	143,136	25,549,896	179	10,726	4,042,925	225,239	36,904,625	164
6/8	66,807	7,894,488	118	139,656	24,604,616	176	10,323	3,964,225	216,786	36,463,329	168
6/9	40,241	4,100,108	102	139,656	25,238,216	181	8,995	3,750,975	188,892	33,089,299	175
6/10	49,059	4,641,298	95	84,520	15,838,128	187	6,679	2,782,900	140,258	23,262,326	166
6/11	27,749	2,195,989	79	136,296	24,448,136	179	8,202	3,782,675	172,247	30,426,800	177
6/12	20,966	1,656,759	79	145,896	25,974,536	178	8,343	3,973,550	175,205	31,604,845	180
6/13	19,050	1,671,789	88	134,872	23,519,136	174	7,696	3,445,250	161,618	28,636,175	177
6/14	64,886	5,096,210	79	143,424	25,311,636	176	10,416	3,892,100	218,726	34,299,946	157
6/15	87,927	9,036,275	103	146,694	25,851,786	176	11,731	4,200,900	246,352	39,088,961	159
6/16	91,601	8,999,982	98	132,240	22,116,756	167	11,192	3,897,475	235,033	35,014,213	149
6/17	111,579	13,791,304	124	83,200	14,368,708	173	9,739	3,268,450	204,518	31,428,462	154
6/18	118,449	16,871,296	142	129,104	21,856,836	169	12,378	4,775,950	259,931	43,504,082	167
6/19	130,157	17,328,736	133	129,008	22,294,036	173	12,958	5,010,675	272,123	44,633,447	164
6/20	122,976	16,733,829	136	130,592	21,847,436	167	12,678	5,133,800	266,246	43,715,065	164
6/21	139,471	17,693,425	127	132,207	22,538,811	170	13,584	5,950,275	285,262	46,182,511	162
6/22	122,758	14,978,587	122	135,792	22,538,811	166	12,928	5,883,200	271,478	43,400,598	160
6/23	78,791	7,925,176	101	135,792	22,538,811	166	10,729	5,318,875	225,312	35,782,862	159
6/24	47,219	3,944,389	84	106,288	22,538,811	212	7,675	3,974,700	161,182	30,457,900	189
6/25	21,957	3,165,713	144	157,701	22,538,811	143	8,983	4,613,000	188,641	30,317,524	161
6/26	4,409	1,204,378	273	147,272	22,538,811	153	7,584	3,729,175	159,265	27,472,364	172
6/27	15,648	1,111,980	71	147,272	22,538,811	153	8,146	3,871,400	171,066	27,522,191	161
6/28	39,994	2,484,093	62	147,352	22,538,811	153	9,367	4,316,100	196,713	29,339,004	149
6/29	61,624	4,733,579	77	147,352	22,538,811	153	10,449	4,431,000	219,425	31,703,390	144
6/30	<u>70,457</u>	<u>9,430,011</u>	134	<u>147,352</u>	<u>22,538,811</u>	153	<u>10,890</u>	<u>4,072,000</u>	<u>228,699</u>	<u>36,040,822</u>	158
	1,993,898	242,623,065	122	3,912,100	670,735,001	171	295,300	127,439,975	6,201,298	1,040,798,041	168

Spot Market includes: Day-ahead, hour-ahead, and real-time costs, net of power sales.

Contracts include: Long-term and short-term, balance of month, quarterly, and block forward.

Amounts shown above may be revised in Settlement processes.

(1) Real-time purchases for the month of June totaled \$86,560,039 and 686,660 MWhs.

(2) MWh and costs for ISO, Ancillary Services, Transmission and Dispatch are estimates. Costs are subject to audit.

Costs and average \$/MWh include all power purchases including spot, balance of month quarterly and contract energy as well as an estimate for ISO ancillary, transmission, and dispatch costs that are subject to CERS review for applicability.

Power Purchases for Quarter Ending June 30, 2001 by Counterparty

COMPANY NAME	APRIL			MAY			JUNE			TOTAL		
	MWH	\$	AVG. PRICE	MWH	\$	AVG. PRICE	MWH	\$	AVG. PRICE	MWH	\$	AVG. PRICE
ALLEGHENY ENERGY TRADING SERVICES	560,024	\$73,446,844	\$131	703,006	\$118,457,175	\$169	865,218	\$143,388,617	\$166	2,128,248	\$335,292,636	\$158
BONNEVILLE POWER ADMINISTRATION	78,597	\$15,356,810	\$195	179,623	\$13,680,590	\$76	28,626	\$1,535,755	\$54	286,846	\$30,573,155	\$107
BP ENERGY COMPANY	81,154	\$21,163,390	\$261	279,171	\$73,710,153	\$264	152,055	\$29,384,048	\$193	512,380	\$124,257,591	\$243
CA DEPT. OF WATER RESOURCES STATE WATER PROJECT CALPINE	193,683	\$26,513,191	\$137	262,988	\$25,997,400	\$99	192,264	\$9,499,678	\$49	648,935	\$62,010,269	\$96
CITY OF ANAHEIM	86,877	\$14,377,218	\$165	184,230	\$26,550,685	\$144	75,237	\$12,609,285	\$168	346,344	\$53,537,188	\$155
CITY OF BURBANK	13,513	\$1,661,518	\$123	11,686	\$1,482,040	\$127	13,034	\$892,132	\$68	38,233	\$4,035,690	\$106
CITY OF GLENDALE	118,954	\$43,969,875	\$370	161,697	\$47,791,705	\$296	30,300	\$4,252,210	\$140	310,951	\$96,013,790	\$309
CITY OF RIVERSIDE	14,350	\$3,587,500	\$250	17,625	\$4,868,025	\$276	18,620	\$3,753,586	\$202	50,595	\$12,209,111	\$241
CITY OF SEATTLE, CITY LIGHT DEPARTMENT	-	-	-	2,695	\$382,765	\$142	10,800	\$537,503	\$50	13,495	\$920,268	\$68
CITY OF VERNON	-	-	-	-	-	-	330	\$43,800	\$133	330	\$43,800	\$133
COMMONWEALTH ENERGY CORP	7,240	\$813,199	\$112	4,991	\$866,179	\$174	3,185	\$180,385	\$57	15,416	\$1,859,763	\$121
CONSTELLATION POWER SOURCE	45,099	\$9,433,253	\$209	50,872	\$12,188,366	\$240	48,449	\$5,436,863	\$112	144,420	\$27,058,482	\$187
CORAL POWER, L.L.C	121,725	\$14,978,425	\$123	130,833	\$16,405,145	\$125	191,807	\$21,596,800	\$113	444,365	\$52,980,370	\$119
DUKE ENERGY TRADING & MARKETING, L.L.C.	81,752	\$25,840,495	\$316	64,660	\$13,992,985	\$216	59,546	\$12,062,977	\$203	205,958	\$51,896,457	\$252
DYNEGY POWER MARKETING INC.	222,506	\$23,431,888	\$105	251,348	\$29,651,447	\$118	236,987	\$24,359,970	\$103	710,841	\$77,443,305	\$109
EAST BAY MUNICIPAL UTILITY DISTRICT	575,106	\$104,503,409	\$182	667,175	\$121,423,678	\$182	661,562	\$84,691,639	\$128	1,903,843	\$310,618,726	\$163
EL PASO POWER SERVICES COMPANY	3,312	\$676,208	\$204	4,167	\$638,205	\$153	1,074	\$64,502	\$60	8,553	\$1,378,915	\$161
EUGENE WATER & ELECTRIC BOARD	100,884	\$30,566,750	\$303	158,821	\$29,731,240	\$187	140,043	\$23,753,972	\$170	399,748	\$84,051,962	\$210
EXELON	54,815	\$20,628,215	\$376	32,620	\$9,650,375	\$296	17,726	\$1,916,676	\$108	105,161	\$32,195,266	\$306
FRESNO COGEN	-	-	-	-	-	-	601	\$37,863	\$63	601	\$37,863	\$63
GRANT COUNTY PUD	800	\$214,008	\$268	216	\$63,720	\$295	216	\$25,920	\$120	1,232	\$303,648	\$246
IMPERIAL VALLEY RESOURCE RECOVERY	46,676	\$17,448,075	\$374	11,525	\$2,686,275	\$233	8,022	\$904,648	\$113	66,223	\$21,038,998	\$318
LOS ANGELES DEPARTMENT OF WATER & POWER	-	-	-	-	-	-	7,761	\$776,100	\$100	7,761	\$776,100	\$100
MERRILL LYNCH CAPITAL SERVICES	248,331	\$62,717,816	\$253	257,854	\$80,726,127	\$313	123,319	\$17,883,674	\$145	629,504	\$161,327,617	\$256
METROPOLITAN WATER DISTRICT	60,000	\$9,510,000	\$159	20,800	\$1,154,400	\$56	20,800	\$1,154,400	\$56	101,600	\$11,818,800	\$116
MIECO, INC.	-	-	-	-	-	-	36	\$5,400	\$150	36	\$5,400	\$150
MIRANT	12,800	\$4,138,000	\$323	222,680	\$37,076,800	\$167	179,600	\$19,839,200	\$110	415,080	\$61,054,000	\$147
MODESTO IRRIGATION DISTRICT	2,083,120	\$534,728,440	\$257	1,727,647	\$429,016,630	\$248	1,576,410	\$289,433,429	\$184	5,387,177	\$1,253,178,499	\$233
MORGAN STANLEY CAPITAL GROUP	-	-	-	-	-	-	180	\$9,900	\$55	180	\$9,900	\$55
	36,150	\$3,469,625	\$96	44,750	\$4,495,000	\$100	74,050	\$5,566,300	\$75	154,950	\$13,530,925	\$87

Power Purchases for Quarter Ending June 30, 2001 by Counterparty, Cont.

COMPANY NAME	APRIL			MAY			JUNE			TOTAL		
	MWH	\$\$	AVG. PRICE	MWH	\$\$	AVG. PRICE	MWH	\$\$	AVG. PRICE	MWH	\$\$	AVG. PRICE
NEVADA POWER COMPANY	12,300	\$1,824,350	\$148	400	\$47,500	\$119	-	-	-	12,700	\$1,871,850	\$147
NEW ENERGY INC.	74	\$10,180	\$138	518	\$54,552	\$105	550	\$33,375	\$61	1,142	\$97,788	\$86
NORTHERN CALIFORNIA POWER AGENCY	13,283	\$3,254,235	\$245	38,930	\$7,120,800	\$183	33,744	\$2,816,160	\$83	85,957	\$13,191,195	\$153
NRG POWER MARKETING INC.	-	-	-	-	-	-	835	\$101,175	\$121	835	\$101,175	\$121
PACIFICORP	-	-	-	500	\$18,000	\$36	-	-	-	500	\$18,000	\$36
PG&E ENERGY TRADING - POWER, L.P.	11,052	\$978,356	\$89	12,032	\$1,144,800	\$95	15,296	\$1,175,840	\$77	38,380	\$3,298,996	\$86
PINNACLE WEST	29,448	\$5,721,175	\$194	24,050	\$2,795,000	\$116	71,905	\$10,912,275	\$152	125,403	\$19,428,450	\$155
POWEREX	499,596	\$247,636,815	\$496	873,201	\$348,275,539	\$399	318,866	\$64,922,715	\$204	1,691,663	\$660,835,069	\$391
PUBLIC SERVICE OF NEW MEXICO	61,591	\$12,390,055	\$201	139,005	\$35,941,155	\$259	74,033	\$5,615,849	\$76	274,629	\$53,947,059	\$196
RELIANT ENERGY SERVICE	825	\$163,250	\$198	825	\$123,750	\$150	30	\$1,800	\$60	1,680	\$288,800	\$172
SACRAMENTO MUNICIPAL UTILITY DISTRICT	134,522	\$45,892,735	\$341	92,904	\$22,512,173	\$242	92,337	\$14,419,994	\$156	319,763	\$82,824,902	\$259
SALT RIVER PROJECT	-	-	-	28,740	\$4,309,010	\$150	82,640	\$4,764,565	\$58	111,380	\$9,073,575	\$81
SAN DIEGO GAS & ELECTRIC	16,200	\$2,312,000	\$143	38,000	\$7,890,400	\$208	2,400	\$196,600	\$82	56,600	\$10,399,000	\$184
SEMPRA ENERGY RESOURCES	-	-	-	-	-	-	104,000	\$19,656,000	\$189	104,000	\$19,656,000	\$189
SEMPRA ENERGY TRADING (formerly AIG TRADING)	171,308	\$67,713,885	\$395	129,733	\$34,036,213	\$262	85,029	\$8,261,422	\$97	386,070	\$110,011,520	\$285
SIERRA PACIFIC INDUSTRIES	3,480	\$720,400	\$207	5,192	\$882,288	\$170	518	\$34,260	\$66	9,190	\$1,636,948	\$178
SNOHOMISH	-	-	-	1,506	\$264,750	\$176	6,416	\$690,070	\$108	7,922	\$954,820	\$121
STRATEGIC ENERGY, LTD.	1,845	\$356,706	\$193	2,859	\$725,431	\$254	4,241	\$247,220	\$58	8,945	\$1,329,357	\$149
SUNRISE POWER COMPANY	-	-	-	-	-	-	11,842	\$542,295	\$46	11,842	\$542,295	\$46
TACOMA POWER	4,960	\$1,980,820	\$399	5,352	\$1,353,215	\$253	4,451	\$498,642	\$112	14,763	\$3,832,677	\$260
TRANS CANADA POWER COMPANY	36,045	\$12,674,789	\$352	21,644	\$5,496,375	\$254	20,284	\$2,088,348	\$103	77,973	\$20,259,512	\$260
TRANSALTA ENERGY MARKETING U.S.	169,731	\$63,630,996	\$375	188,305	\$56,292,387	\$299	115,343	\$11,290,701	\$98	473,379	\$131,214,084	\$277
TUCSON ELECTRIC POWER	9,220	\$1,594,275	\$173	23,103	\$3,793,530	\$164	13,368	\$882,420	\$66	45,691	\$6,270,225	\$137
TURLOCK IRRIGATION DISTRICT	4,638	\$1,169,735	\$252	12,538	\$2,955,398	\$236	17,252	\$1,191,433	\$69	34,428	\$5,316,566	\$154
UC MEDICAL CENTER	5,376	\$1,141,600	\$212	8,241	\$1,469,802	\$178	1,056	\$118,800	\$113	14,673	\$2,730,202	\$186
WEST AREA LOWER COLORADO	370	\$75,675	\$205	2,275	\$458,425	\$202	-	-	-	2,645	\$534,100	\$202
WESTERN AREA POWER ADMINISTRATOR	1,411	\$253,410	\$180	8,167	\$1,542,380	\$189	-	-	-	9,578	\$1,795,790	\$187
WILLIAMS ENERGY MARKETING AND TRADING	571,923	\$165,770,445	\$290	681,404	\$166,984,464	\$245	258,943	\$20,131,373	\$78	1,512,270	\$352,886,282	\$233
TOTAL	6,606,666	\$1,700,440,039	\$257	7,795,734	\$1,809,174,447	\$232	6,070,235	\$886,190,564	\$146	20,475,635	\$4,395,805,050	\$215

Power Sales for Quarter Ending June 30, 2001 by Market

APRIL 2001			
Sale Type	MWh	Total Cost \$	Avg \$/MWh
OOM	2,655	\$ 316,409	\$ 119.17
DA	11,832	\$ 1,601,450	\$ 135.35
HA	40	\$ 40	\$ 1.00
TOTAL	14,527	\$ 1,917,899	\$ 132.02
SALES AS PERCENTAGE OF PURCHASES	OOM	0.038%	
	DA	0.171%	
	HA	0.001%	
	TOTAL	0.21%	

MAY 2001			
Sale Type	MWh	Total Cost \$	Avg \$/MWh
OOM	25,508	\$ 122,125	\$ 4.79
DA	19,931	\$ 1,810,513	\$ 90.84
HA	1,515	\$ 77,775	\$ 51.34
TOTAL	46,954	\$ 2,010,413	\$ 42.82
SALES AS PERCENTAGE OF PURCHASES	OOM	0.310%	
	DA	0.242%	
	HA	0.018%	
	TOTAL	0.57%	

JUNE 2001			
Sale Type	MWh	Total Cost \$	Avg \$/MWh
OOM	138,392	\$ 4,652,194	\$ 33.62
DA	22,675	\$ 1,469,725	\$ 64.82
HA	2,323	\$ 110,038	\$ 47.37
TOTAL	163,390	\$ 6,231,957	\$ 38.14
SALES AS PERCENTAGE OF PURCHASES	OOM	2.232%	
	DA	0.366%	
	HA	0.037%	
	TOTAL	2.63%	

QUARTER ENDED JUNE 01			
Sale Type	MWh	Total Cost \$	Avg \$/MWh
OOM	166,555	\$ 5,090,728	\$ 30.56
DA	54,438	\$ 4,881,688	\$ 89.67
HA	3,878	\$ 187,853	\$ 48.44
TOTAL	224,871	\$ 10,160,269	\$ 45.18
SALES AS PERCENTAGE OF PURCHASES	OOM	0.820%	
	DA	0.268%	
	HA	0.019%	
	TOTAL	1.11%	

Note: Out of Market (OOM) sales are sales transacted in real-time at the direction of the CISO. Day Ahead (DA) and Hour Ahead (HA) sales are transacted to reconcile CERS purchases with the IOU net short positions.

Power Sales for Quarter Ending June 30, 2001 by Counterparty

COMPANY NAME	APRIL			MAY			JUNE			TOTAL		
	MWh	\$\$	Avg. Price	MWh	\$\$	Avg. Price	MWh	\$\$	Avg. Price	MWh	\$\$	Avg. Price
ALLEGHENY ENERGY TRADING SERVICES				4,500	\$292,500	\$65	25	\$1,575	\$63	4,525	\$294,075	\$65
AVISTA ENERGY, INC.							1,450	\$14,310	\$10	1,450	\$14,310	\$10
BONNEVILLE POWER ADMINISTRATION				1,000	\$15,000	\$15	67,226	\$2,600,670	\$39	68,226	\$2,615,670	\$38
CA DEPT OF WATER RESOURCE, STATE WATER PROJECT	920	\$92,000	\$100							920	\$92,000	\$100
CITY OF BURBANK							400	\$12,000	\$30	400	\$12,000	\$30
CITY OF SEATTLE, CITY LIGHT DEPARTMENT							210	\$1,690	\$8	210	\$1,690	\$8
CONSTELLATION POWER SOURCE							1,675	\$51,675	\$31	1,675	\$51,675	\$31
DUKE ENERGY TRADING AND MARKETING	800	\$88,000	\$110				1,300	\$55,000	\$42	2,100	\$143,000	\$68
DYNEGY POWER MARKETING, INC.	4,800	\$624,000	\$130	140	\$5,600	\$40	2,300	\$224,000	\$97	7,240	\$853,600	\$118
EL PASO POWER SERVICES COMPANY				2,400	\$129,600	\$54				2,400	\$129,600	\$54
LOS ANGELES DEPARTMENT OF WATER AND POWER	4,445	\$596,449	\$134	16,130	\$868,240	\$54	17,221	\$732,895		37,796	\$2,197,584	\$58
MIRANT	1,162	\$261,450	\$225	2,400	\$189,000	\$79	11,600	\$536,000	\$46	15,162	\$986,450	\$65
MIECO, INC.				175	\$7,875	\$45	3,200	\$158,000	\$49	3,375	\$165,875	\$49
PACIFICORP							100	\$6,000	\$60	100	\$6,000	\$60
PINNACLE WEST							425	\$5,525	\$13	425	\$5,525	\$13
POWEREX				11,715	\$77,275	\$7	26,293	\$802,734	\$31	38,008	\$880,009	\$23
PUBLIC SERVICE OF NEW MEXICO				40	\$1,000	\$25	2,975	\$57,000	\$19	3,015	\$58,000	\$19
SACRAMENTO MUNICIPAL UTILITY DISTRICT							40	\$1,000	\$25	40	\$1,000	\$25
SALT RIVER PROJECT				100	\$750	\$8	10,885	\$169,000	\$16	10,985	\$169,750	\$15
SEMPRA ENERGY TRADING	2,400	\$256,000	\$107	996	\$14,910	\$15	8,057	\$269,740	\$33	11,453	\$540,650	\$47
STRATEGIC ENERGY, LTD.				431	\$53,013					431	\$53,013	\$123
TRANSALTA ENERGY MARKETING U.S.				3,827	\$150	\$0	3,436	\$57,275	\$17	7,263	\$57,425	\$8
TUCSON ELECTRIC POWER							1,500	\$42,200	\$28	1,500	\$42,200	\$28
WILLIAMS ENERGY MARKETING AND TRADING	-	\$0		3,100	\$355,500	\$115	3,072	\$433,668	\$141	6,172	\$789,168	\$128
	14,527	\$1,917,899	\$132	46,954	\$2,010,413	\$43	163,390	\$6,231,957	\$38	224,871	\$10,160,269	\$45

Note: Data shown only reflects bilateral transactions entered into by CERS.

20/20 Rebate Program Quarter Ended June 30, 2001

<u>Utility</u>	<u>Amount of Rebate Credit</u>	<u>Percentage of Customer Participation</u>
Pacific Gas & Electric	\$27,506,000	27%
San Diego Gas and Electric	\$7,249,194	39%
Southern California Edison	<u>\$29,913,647</u>	28%
Total	<u>\$64,668,841</u>	

Notes

1. PG&E rebate credit is an estimate
2. SCE percentage is an estimate
3. The 20/20 Program began June 1, 2001 and will continue through September 30, 2001

California Energy Resources Scheduling (CERS)

Budgeted Non-Power Costs Compared to Actual Through June 30, 2001

	FY 2000-01 Preliminary Budget	FY 2000-01 Actual through June 30, 2001	FY 2001-02 Budgeted
Letters of Credit ¹	\$ 1,200,000	\$ 600,000	\$ --
Consultant Contracts	\$ 7,374,500	\$ 6,193,805	\$ 9,612,710
Labor	\$ 847,000	\$ 1,872,353	\$ 6,870,000
Distributed Administrative Cost	\$ --	\$ --	\$ 4,048,000
Less Funding provided for new positions in Admin	\$ --	\$ --	\$ (461,000) ²
Rent, Tenant Improvements	\$ 60,000	Included in Operating Expenses	\$ 180,000
Office and IT Equipment	\$ 883,000	\$ 2,797,458	\$ 550,000
Operating Expenses	\$ 518,000	\$ 1,553,738	\$ 1,090,000
IT: Energy Scheduling and Settlements System	<u>\$ 2,500,000</u>	<u>Included in IT Equipment</u>	<u>\$ 2,000,000</u>
TOTAL NON-POWER COSTS	<u>\$ 13,382,500</u>	<u>\$ 13,017,354³</u>	<u>\$ 23,889,710</u>

¹ Letters of credit to address CERS start-up credit issues only in place in Jan/Feb, prior to long-term contracts.

² Amended, effective March 2001.

³ The total reported is based on information at the time of the issuance of the quarterly report. CERS anticipates that additional charges applicable to the period ending June 30, 2001 will be received. Therefore, the total budgeted amount has been spent or otherwise encumbered for budgetary reporting purposes.

Impact of Natural Gas Prices on Energy Pricing

Natural Gas Pricing (\$ per MMBTU)

	MALIN (California-Oregon Border)	TOPOCK (Southern California Border)
Jan	\$10.18	\$12.68
Feb	\$9.65	\$18.74
Mar	\$7.33	\$14.51
Apr	\$9.24	\$13.76
May	\$4.94	\$11.73
June	\$3.36	\$6.07

While not the only factor, natural gas is a significant part of energy pricing. The above prices reflect the average monthly cost for a natural gas unit (MMBTU) as reported by Gas Daily. The actual natural gas cost per MWh depends on cost per unit of gas and the heat rate efficiency of the generating facility.

For example, a \$10 per MMBTU cost utilized in a generating facility with a heat rating of 10,000 BTU/KWh would cost \$100 per MWh. Gas costs for a TOPOCK supplied plant in February under these assumptions would result in \$187.40 per MWh. Gas costs for the same plant and efficiency supplied by gas at MALIN in June would be \$33.60 per MWh. These charges would represent fuel costs only. Cost for capital operations and maintenance, emissions, etc. would be additive.

Average Daily Natural Gas Price from Gas Daily

